

The Law Offices of Avrum J. Rosen, PLLC
Proposed Counsel to the Debtor
38 New Street
Huntington, New York 11743
631 423 8527
Avrum J. Rosen
Fred S. Kantrow

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

GRAMERCY PARK LAND, LLC,

Debtor.

-----X

DEBTOR'S AFFIDAVIT PURSUANT TO BANKRUPTCY RULE 1007

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

Norman Kaish, being duly sworn, deposes and states as follows:

1. I am a manager of Gramercy Park Holdings, LLC ("GPH"), which is a member of 278 Gramercy Park Group, LLC ("GPG"), which is a member of Gramercy Park Land, the debtor (the "Debtor") herein. As such, I have personal knowledge of the statements contained herein.

2. The Debtor is a limited liability corporation, organized under the laws of the State of Delaware. The Debtor is the owner of the undeveloped land parcel located at 276-280. The Debtor's offices are located at 319 Lafayette Street, Suite 255, New York, New York 10012.

3. The Debtor's current financial difficulties arose as a result of the general downturn in the economy. The Debtor, together with its affiliates, was involved in the lengthy and expensive process of obtaining approvals for the development of its parcel, along with an additional parcel, located at 266-270 Third Avenue, New York, New York. Since the collapse of the real estate market, the Debtor has been unable to obtain the financing needed to complete the

buildings on either, or both of the parcels. As a result, the mortgages on the parcels have gone into default. UBS Real Estate Investments Inc., (“UBS”) is the holder of the mortgage as to the real property owned by this Debtor. Vasos LLC (“Vasos”) is the holder of the mortgage as to the real property owned by NK 266 Third Avenue LLC and LT 266 Third Avenue LLC.¹

4. The two parcels described *inter alia*, are not adjacent. However, the Debtor herein, as the owner of 276-280 Third Avenue, obtained the “air rights” over the parcels in between the two parcels described herein, as well as the air rights over the parcel located at 266-270 Third Avenue. The Debtor was also the owner of certain inclusory air rights which increased the permitted size of the building. Those inclusory rights have expired by their own terms.

5. A foreclosure sale of the assets of this Debtor, as well as the assets of the affiliated debtors, is scheduled for 1:00 p.m. on March 30, 2011. Pursuant to the Judgment of Foreclosure and Sale, the amount claimed to be due and owing UBS is \$46,059,195.35 as of July 26, 2010, plus additional interest, costs, charges and disbursements. The balance of the loan, prior to the imposition of interest at the default rate, as well as the inclusion of other expenses, is approximately \$30,500,00.00.

6. In addition to the foreclosure sale of the assets of this Debtor, as described *inter alia*, there is also scheduled the foreclosure sale of the companion debtors’ assets (namely, 266-270 Third Avenue), which is scheduled for the same date and time. The Vasos’ mortgage is in the approximate amount of \$8,102,007.66, plus costs and interest from an unspecified time period, pursuant to the notice of sale.

¹ NK 266 Third Avenue LLC and LT 266 Third Avenue LLC, are companion debtors, each with chapter 11 cases filed and pending before the Court. The Debtor herein, along with the companion and affiliated debtors, have moved before the Court for the entry of an Order

7. Over the past several months, the principals of the Debtor have been negotiating with a number of developers interesting in purchasing either one or both of the parcels described herein. The proposed building plans have already been approved such that buildings may be erected on both parcels with a “bridge” connecting the two buildings utilizing the air rights over the properties in between the two parcels.

8. As a result of the extensive negotiations, the members of the Debtor have reached an agreement to enter into a proposed stalking horse contract with Alchemy Gramercy, LLC (“Alchemy”). Alchemy is a subsidiary of Alchemy Properties, Inc., a major developer in the New York area. Alchemy has agreed to pay the sum of at least \$27,500,000.00 for the Debtor’s real estate as well as the appurtenant air rights (excluding the inclusory rights which the Debtor and/or its affiliates no longer own). The proposal is for this property to be the subject of an auction sale contemplated in what will be a proposed plan of reorganization. The proposed auction sale shall be offered together with the property owned by the Debtor, as well as the adjacent property described *inter alia*. In addition, the properties will be offered separately, in order to determine and achieve the best price for the assets. Moreover, Alchemy has pledged \$400,000.00 to the estate which amount shall be used to pay both administrative priority and general unsecured creditors pursuant to the absolute priority rule in addition to any amounts that it pays as a result of the auction in this case.

9. This case was originally commenced under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and no trustee has been appointed in this case. There has been no pre-petition creditors’ committee. Annexed hereto as Exhibit “A” is a list of the 20 largest unsecured claims, excluding claims of any insiders, including the names, addresses and

procedurally consolidating the pending chapter 11 cases.

the amount of each respective claim, and an indication of whether such claims are contingent, unliquidated, disputed or partially secured. Annexed hereto as Exhibit "B", is a list of the secured creditors in this case.

10. The Debtor's assets consist of the real property described herein and those fixtures that are attached thereto. The Debtor's liabilities total approximately \$47,387,854.60.

11. The Debtor's assets are located at 276-280 Third Avenue, New York, New York. Currently, its books and records are located at its principal office location as 3189 Lafayette Street, Suite 225, New York, New York 10012. The Debtor does not have any assets outside the territorial limits of the United States.

12. The Debtor is comprised of the membership of 278 Gramercy Park Group, LLC, which is comprised of the membership of Gramercy Park Holdings, LLC, which in turn is comprised of its managers, who are Norman Kaish and Teonard Taub.²

13. The Debtor has no employees. There is no compensation for officer's salary.

14. It is estimated that the expenses for the 30 day period following the bankruptcy petition filing shall be approximately \$3,000. Receipts are anticipated to be \$0.

S/Norman Kaish
Norman Kaish

Sworn to before me on this
29th day of March, 2011

² 278 Gramercy Park Group, LLC, is comprised of holders of a Class "A" interest and a Class "B" interest. Class A is comprised of Bruce Fisher, who holds a 17.06% interest; Norman Kaish, who holds a 41.47% interest; and Leonard Taub, who holds a 41.47% interest. Class B is comprised of a number of investors, each holding interests as described on the Exhibit "C" annexed hereto.

s/ Avrum J. Rosen

AVRUM J. ROSEN

Notary Public, State of New York

No. 02RO4872542

Qual. in Suffolk County

Comm. Exp. Sept. 8, 2014